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SUBJECT: KNESSET CONSIDERS CONTROVERSIAL NGO LEGISLATION TO
REGISTER AS FOREIGN AGENTS

Classified By: DCM Luis G. Moreno for reasons 1.4 (b),(d).

¶1. (C) SUMMARY: The Knesset passed a preliminary reading of legislation on February 17 that would require individuals and NGOs to register any funding received from foreign political entities. Many NGOs were concerned with the possible effects of the draft legislation, which they decried in the press as part of a trend of delegitimizing the NGOs that criticize Israel, particularly those which provided testimony for the Goldstone Report. Several right-wing NGOs called for the draft legislation as a means of exposing NGOs which they claim function as political agents of foreign countries and that influence domestic politics and falsely legitimize international criticism. The MOJ and MFA are working to adjust the legislation so that it is not out of line with Western standards, and have requested sample legislation from the U.S. regarding both laws regulating NGOs and laws registering lobbyists as representatives of foreign governments. End Summary.

¶2. (SBU) The Knesset passed preliminary legislation that would register foreign funding of NGOs on February 17. By all accounts, the proposed legislation will likely be amended before the Knesset passes it as law after its second and third readings, but the current version would require registration of all foreign funding from political entities and public disclosure of such funding whenever used for any "political activity." The draft law's definition of "political activity" is "activity which aims to influence public opinion in Israel or to influence any actor within any governmental authority regarding any of the elements of domestic or external policies of the State of Israel." This broad definition of political activity is at the heart of this controversial legislation. Also, the draft legislation would require NGOs receiving foreign funding to register with the GOI registrar of political parties.

¶3. (SBU) NGOs such as ACRI, B'Tselem, and Gisha quickly criticized the proposed NGO legislation as directly threatening their ability to function. They claimed publicly that it could remove their tax-exempt status, quickly affecting their bottom line and possibly preventing private donors and foreign governments from funding their activities due to restrictions against funding the payment of taxes to a foreign government. They also complained of possible effects on their freedom of speech due to the legal consequences of failure to comply with the proposed disclosure rules not only in print and Internet material, but also during interviews and public appearances related to their advocacy.

¶4. (C) NGO Monitor President Gerald Steinberg, a conservative professor of political science at Bar Ilan University who initiated the push for this legislation during a December Knesset conference that was boycotted by most NGOs, told PolOff on February 24 that the legislation aimed to replicate the U.S. Foreign Agent Registration Act (FARA). He described the human rights NGOs in Israel as having become thoroughly discredited in the eyes of most Israelis because their activities were political in nature, and not truly concerned

with human rights. He decried what he termed the NGOs' overblown allegations of war crimes at every turn and specifically cited B'Tselem's refusal to recognize even simple facts contrary to its political agenda; B'Tselem's counting of Hamas operatives as among the civilian dead during Operation Cast Lead just because they wore civilian clothes was one egregious example. Steinberg described such NGOs as being dedicated to ending the Israeli occupation of the West Bank with no regard for what would happen afterwards, as though the solution was really that simple and there were no consequences from Israel's 2005 withdrawal from Gaza.

15. (C) Steinberg said the legislation was aimed to "send a signal" that Israeli human rights NGOs' activities were in fact "political warfare" that had consequences for Israel internationally, with the Goldstone Report being a predictable culmination. He rejected the idea that the legislation would curb freedom of speech as he maintained that left-wing NGOs had long monopolized the public space, accrued much soft-power internationally, and needed to be opposed by increasing transparency. He saw these NGOs as playing a crucial role in a vicious cycle whereby foreign (mostly European) governments funded actions that manipulated domestic politics, undermined Israel's international legitimacy, and falsely legitimized such anti-Israel actions as the boycott, divestment, and sanctions (BDS) campaign. Steinberg is currently suing the European Union for violating Freedom of Information laws for funding Israeli NGOs secretly and estimated that the EU provides almost 10 million dollars in funding to Israeli NGOs per year and that individual European states' funding, particularly Britain, France,

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Germany, Norway, and Switzerland, brought the total to tens of millions of dollars.

16. (C) B'Tselem Director Jessica Montell, who estimated her 9 million NIS (\$2.4 million) budget is 95 percent funded from abroad, mostly from European countries, told PolOff on February 10 that she did not believe the legislation would pass in its current form. ACRI's International Communication and Development Coordinator, Melanie Takefman, also told PolOff on February 10 that she believed the troublesome legislation would be amended and that the NGOs would likely be able to influence the draft legislation so that it would achieve its goal of greater transparency without restricting the NGOs' ability to operate. Both denied any need for greater transparency, but said they would welcome it if it applied equally to all NGOs, including NGO-Monitor and especially Jewish settler organizations.

17. (C) New Israel Fund (NIF) Associate Director in Israel Hedva Radovanitz, who manages grants to 350 NGOs totaling about 18 million dollars per year, told PolOff on February 23 that the campaign against the NGOs was due to the "disappearance of the political left wing" in Israel and the lack of domestic constituency for the NGOs. She noted that when she headed ACRI's Tel Aviv office, ACRI had 5,000 members, while today it has less than 800, and it was only able to muster about 5,000 people to its December human rights march by relying on the active staff of the 120 NGOs that participated. Radovanitz commented that the NIF was working behind the scenes through many NGOs to prevent the NGO legislation from passing in its current form. She commented that she believed that in 100 years Israel would be majority Arab and that the disappearance of a Jewish state would not be the tragedy that Israelis fear since it would become more democratic. She also said the NIF was currently re-evaluating its strategy and was hoping to create a movement rather than just a lot of NGOs. She said the NIF had no plans to build a human rights constituency within the right wing of Israeli society, though she believed politics had shifted to the right for the foreseeable future.

18. (C) The Ministry of Justice Director for Human Rights and

Relations with International Organizations, Hila Tene, told PolOff in a February 10 meeting that she and the MOJ team that sit on a weekly legislative review panel would be strongly advising against the proposed legislation. She did not believe the broad definition of political activity would be included in the draft that would emerge from the Constitution and Law subcommittee. She also mentioned the vast amount of proposed legislation by the current Knesset that has failed to ever become law. The MFA Director for Human Rights and UN Issues, Simona Halperin, also told PolOff on February 11 that the MFA would be advising against the legislation. She asked for comparative legislation from the U.S. regarding NGOs and the registration of foreign agents.

19. (C) PolOff provided the MOJ and MFA, as well as the NIF, ACRI, and NGO Monitor with the State Department's "Guiding Principles for Non-Governmental Organizations" (www.state.gov/g/drl/rls/shrd/2006/82643.html) and links to DOJ's FARA legislation. All sides accepted the guiding principles as helpful to achieving their ends. Steinberg additionally commented, however, that Israel was not like any other country due to the threats to its existence and the ideal presented in the principles might not be achievable as Israel was surrounded by enemies whose political allies were taking advantage of its democratic and legal institutions to achieve significant gains. He argued that he did not want the NGO legislation to feed into the delegitimizing rhetoric, but that such an unintended consequence might be an acceptable cost to reduce the power of the NGOs' current monopolization of human rights rhetoric for politicized purposes. Cunningham